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Permit privilege for
first-class mail

Washington

1920

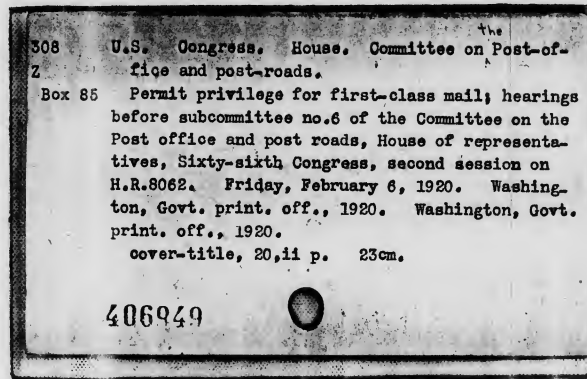
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Permit Privilege for First-Class Mail

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HEARINGS

BEFORE

SUBCOMMITTEE No. 6

OF

THE COMMITTEE ON
THE POST OFFICE AND POST ROADS

HOUSE OF REPRESENTATIVES

SIXTY-SIXTH CONGRESS

SECOND SESSION

ON

H. R. 8062

FRIDAY, FEBRUARY 6, 1920



WASHINGTON
GOVERNMENT PRINTING OFFICE
1920

COMMITTEE ON THE POST OFFICE AND POST ROADS.

HOUSE OF REPRESENTATIVES, SIXTY-SIXTH CONGRESS.

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MARTIN B. MADDEN, Illinois.
WILLIAM W. GRIEST, Pennsylvania.
CALVIN D. FAIGE, Massachusetts.
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HOMER HOCH, Kansas.
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No. 6.

FIRST AND SECOND CLASS MAIL, DOMESTIC.

G. WILLIAM RAMSEYER, *Chairman*.
EDWARD E. HOLLAND.

GUY U. HARDY.

PERMIT PRIVILEGE FOR FIRST-CLASS MAIL.

SUBCOMMITTEE NO. 6 OF THE COMMITTEE ON
POST OFFICES AND POST ROADS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Friday, February 6, 1920.

The subcommittee this day met, Hon. C. William Ramseyer, presiding.

Mr. RAMSEYER. The committee will come to order. Bill H. R. 8062, introduced by Mr. Randall of California, has been referred by the chairman of the Committee on Post Offices and Post Roads to Subcommittee No. 6 for hearings. We will call on the author of the bill for a statement first. Mr. Randall, what have you to say?

STATEMENT OF HON. CHARLES H. RANDALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA.

Mr. RANDALL. Mr. Chairman, I have no extended statement to make. I am a member of the Post Office Committee, and I regret to say that I am almost ashamed of it. I refer to this principally because just recently this committee has been advertised all over the United States as having turned down completely what little air mail service we had in the country, and it is a fact that little bankrupt countries of Europe have more development in the line of air service than we have in the United States.

Mr. RAMSEYER. Do you think it is fair to blame the committee for that? It went out on a point of order.

Mr. RANDALL. The committee turned it down in committee.

Mr. HARDY. The committee did not turn it down. The committee put it in.

Mr. RANDALL. They turned down everything that had been inserted by way of increases. The committee condemned the service that was already in existence on the ground that it was too short to be of any consequence, and then turned down any appropriation to make it longer. But that is neither here nor there. I mention that in order to lead up to what I am going to say about this proposition.

Mr. RAMSEYER. But the rest of us are members of the committee.

Mr. RANDALL. I know the distinguished chairman of this subcommittee has been helping all he could on the air mail proposition, and also the other two members.

Mr. HARDY. I wish to be let out, because I believe we cut out a large appropriation.

Mr. RANDALL. I am grieved to hear the gentleman say that.

This is a proposal to extend to the only class of mail service which does not now enjoy it, the permit mailing privilege.

Mr. HOLLAND. Tell me what you mean by the permit privilege.

Mr. RANDALL. The gentleman receives in his mail every day from one to a dozen pieces of mail that have been mailed under the permit privilege, and he has noticed in the upper right hand corner the words, "One cent paid, permit No. so and so, at a certain post office."

It applies to all third and fourth class mail. It also applies to second-class mail matter in this respect, that no publisher actually buys postage stamps to pay the postage on his newspapers. He simply deposits the money in the post office and is issued a receipt for it, and it is applied to his account as postage on his newspapers. That applies to all second-class matter. No postage stamps are used. On third-class matter the permit privilege has been in existence for years, and only a year or two ago we reduced the minimum quantity of matter required to be mailed under the permit privilege to 300 copies.

For several years I have been suggesting to the Post Office Committee that first-class mail ought to enjoy the same privilege, because it would encourage the use of first-class postage by large business firms, and it would relieve the Post Office Department of an immense amount of expense in printing and handling of postage stamps and in the handling of the matter when it is mailed, because under the permit privilege the matter mailed must be taken to the post office already faced up for easy and quick handling by the post-office employees.

I have heard the suggestion since I introduced this bill that some one has invented a machine. Well, I hope they have. The committee may turn it down because it is new and progressive.

Mr. HARDY. Why do you want to start in roasting this committee when you are going to try to get some intelligent ideas before the committee, and damn it to begin with. We happen to be members of this committee, and I do not know why you begin with calling it an antediluvian committee and roasting it for things it did not do.

Mr. RANDALL. The gentleman from Colorado must not take anything personally or too hard.

Mr. HARDY. I do take it personally, because I am a member of the committee.

Mr. RANDALL. I have already paid a compliment to this distinguished subcommittee, and I want to encourage the subcommittee to work upon the antediluvian tendencies of the balance of the committee. That is the idea. That is said more or less facetiously. If anybody has a machine that is going to facilitate the handling of the mail under the permit privilege, it is a good thing to have it. The Post Office Department, as I understand it, does not buy any machines. It is entirely in the hands of the people who mail the matter.

Mr. RAMSEYER. What do you mean? What kind of a machine are you talking about?

Mr. RANDALL. At the present time, under the permit privilege a printing press is used, or a rubber stamp. If a machine can be invented that will facilitate the handling of this matter under the permit privilege and will encourage the use of it by patrons of the Post Office Department, I think that it ought to be encouraged, as long as it means the saving of money to the Post Office Department.

If any member of the committee has any questions he wants to ask I would be glad to answer if I can, but the representatives of the department here know more about the actual saving to the department by the use of this system than I do.

Mr. RAMSEYER. What demand is there for the extension of this permit privilege to first-class mail?

Mr. RANDALL. I do not know. Perhaps the representatives of the Post Office Department are more familiar with that than I am.

Mr. RAMSEYER. What do you hope to gain by the extension of this privilege to first-class mail?

Mr. RANDALL. We expect to gain much additional use of first-class mail matter, which pays an average revenue to the Government of 80 cents a pound in postage, in place of the use of third-class postage, which pays probably 12 or 15 cents a pound, and the department, in addition to that increased use of the first-class postal facilities, will not have the expense of printing, sale, and handling of stamps; also lessened handling of mail matter due to mailing at the office. I think the representatives of the department can tell you much better than I can about that feature of it.

Mr. HARDY. Is there any great demand for this? Have you heard from any section of the country, from any line of industry?

Mr. RANDALL. I think there is. It is a great advantage to business firms who mail a large amount of matter. You are familiar with the fact that the handling of postage stamps and applying them to many thousands of envelopes is a great expense. It permits the mailing of a large amount of matter without that labor.

Mr. HARDY. I know it is. I just wanted to know if they had found it out and are interested in it.

Mr. RANDALL. They have found it out because all the large firms use this permit privilege so far as it applies to third-class matter, but they are not allowed to use it so far as it applies to first-class matter. They are all familiar with it.

Mr. RAMSEYER. But at the present time the permit privilege only extends to third-class matter?

Mr. RANDALL. And to fourth-class matter and second-class matter in effect. Of course, that only interests the newspaper publishers.

Mr. HARDY. The permit privilege does not extend to second-class matter?

Mr. RANDALL. It amounts to practically the same thing. You, as a publisher, do not buy any postage stamps, but you simply deposit the money in the post office and get a credit for that amount, and when you mail your papers it is charged up to you.

Mr. HARDY. I mean the permit privilege does not extend to newspapers. It is a different system entirely.

Mr. RANDALL. It is a permit privilege except that it is applied in a different manner. It has no particular difference in effect.

Mr. RAMSEYER. It does not apply to fourth-class matter?

Mr. RANDALL. Yes.

Mr. HOLLAND. Can you tell us why it was not extended to first-class matter?

Mr. RANDALL. I do not want to cast any more reflections upon the committee. I have been asking the committee to do this for some time.

Mr. HARDY. Perhaps it was not put up to the committee in such a way as to convince the committee that it was a good thing.

Mr. RANDALL. I accept your suggestion gracefully.

Mr. RAMSEYER. We have representatives here from the city post office, and I think the committee wants to hear from men who have had practical experience with mail handled under the permit privilege.

Mr. HOLLAND. I would like to hear from Mr. Koons.

Mr. RAMSEYER. It makes no difference who comes first. If the subcommittee wants to hear Mr. Koons first, we will call Mr. Koons, and what the committee wants to know is about the practical workings of it, what demand there is for it, and what opportunities there are to defraud the Government by the extension of this privilege to first-class matter, so, Mr. Koons, if you will take the stand the committee will be pleased to hear you.

STATEMENT OF MR. JOHN C. KOONS, FIRST ASSISTANT POSTMASTER GENERAL.

Mr. KOONS. Of the four classes of mail involved the postage is paid on first-class mail only by stamps affixed. It is the only method at the present time for paying postage on first-class matter, by stamps affixed, or in the case of an envelope, a stamp-embossed envelope. On second-class matter, consisting of newspapers and magazines, the postage is paid in money. It is paid according to weight, and it is not really what we style the permit system, but the postage is paid in money and no stamps are used in connection with it. Some years ago the permit privilege was extended to third-class mail, or what is commonly called circulars, when mailed in 300 identical pieces. It was first, as I recall it, 2,000, and it was reduced lower and lower, until at the present time it is 300 identical pieces.

Mr. RAMSEYER. It is not limited to 300?

Mr. KOONS. That is the minimum number, 300. All permit matter has printed in the corner the amount of postage paid, the office at which it is mailed, and the number of the permit. The permit is only good at the office named on the face of the circular. If mailed in Washington it would not be good at any other point.

Mr. RAMSEYER. Who issues the permit, the local post office?

Mr. KOONS. The local postmaster. They used to require the consent of the department, but that has been changed, so that now the local postmaster issues it. It is a matter that really comes under the Third Assistant, and the permits are only issued to people known to be responsible and good patrons of the office.

Mr. HARDY. How long does the permit extend over?

Mr. KOONS. It is continuous.

Mr. HARDY. Is it ever canceled?

Mr. KOONS. Their mailing is checked up.

Mr. HARDY. If a man does not mail anything for two or three years—

Mr. KOONS. If they do not mail within a year it would be canceled. The mail is brought to the office and weighed to determine the number of pieces, and the postage which is paid in money and a receipt given for it. In that way the postage is collected.

Mr. RAMSEYER. You say the mail is taken to the post office and you find out how many pieces there are to a pound?

Mr. HARDY. What has that got to do with it?

Mr. KOONS. To determine the amount of postage on it. Say, there were 20 pieces to the pound, and the postage was 1 cent for each piece the number of pounds will determine the number of pieces, and that will determine the amount of postage to be collected.

Mr. HARDY. Instead of counting four or five thousand pieces they find out that it takes 20 of them to make a pound, and a thousand pounds—

Mr. KOONS. Would be 20,000 instead of counting each one by hand.

Mr. HARDY. If there were only 100 they could be counted very easily, but if there were 50,000 it would be a little difficult. I see your point.

Mr. KOONS. That is the method. If the pieces are heavier they require more postage.

Mr. RAMSEYER. In the case of first-class matter, if you are given the permit privilege under this bill, if the bill becomes a law, of course, if one piece is sent there would be 2 cents paid. Then, assuming a fellow mails out, say, a thousand pieces, and each weighs an ounce, that would be 2 cents on each piece. That would be 16 pieces to a pound. Now, then, suppose he sends out a lot of other stuff that weighs only a fourth of an ounce. If he stamped it, you would receive a revenue of 2 cents on each piece. If on others there are four pieces to an ounce and four times sixteen to a pound, there the Government would lose.

Mr. KOONS. It would be on identical pieces.

Mr. HARDY. The Government would get \$1.28 a pound for it. You can not send some light ones and some heavy ones in the same mail. They must all be identical.

Mr. RAMSEYER. That is the question.

Mr. HARDY. That is not the question; it is the ruling. Everything mailed under this permit must be identical, 300 or more identical pieces, not some light and some heavy, but all of the same weight.

Mr. KOONS. It covers the mailing of identical pieces. There are a lot of large mailers as, for instance, the telephone companies, that mail out their statements, which are exactly the same weight, and mailed at the same time. The same is true with the gas bills and electric bills, and the statements of large mailers. They would run in identical pieces. The weight would be identical, and there would be no trouble in computing the postage on those.

Now, Mr. Randall discussed the question of the machine. A machine has been invented which will register each letter that goes through, and I think it would be absolutely fool proof, at least it has been so considered by people who have examined it, the best of mechanics. Now, for pieces that are not of the same weight, for determining the weight to be mailed they could use such machines. It would register each piece that went through, and the postage would be paid on the number of pieces registered. In other words, they could buy \$50 worth of postage, which would amount to so many 2-cent stamps, and when the postage was used up it could not be used any further. So if they wanted to use the machine it would really be a protection to the department.

Mr. RAMSEYER. What I wanted to be sure of was that if the privilege is extended to first-class matter, that each piece will pay its 2 cents.

Mr. KOONS. I do not know of a single case where there has been any fraud committed under the permit system.

We have asked the committee to amend this bill and change it some. That is, we wrote to the chairman of the Post Office Committee and suggested that it be made to read in this way: "And such regulations as the Postmaster General may prescribe for the collection of the lawful revenue and for the facilitating of the handling of such matter in the mail it shall be lawful to accept for transmission in the mails without postage stamps affixed any first-class matter, provided

the postage has been fully prepaid thereon at the rate required by law.

Mr. RAMSEYER. You offer that as an amendment?

Mr. KOONS. As an amendment. We submitted it to the solicitor, and he suggested it as an amendment, instead of the language now in the bill, but it really carries out the same thing except that this gives the right to collect the postage in money when the pieces are not identical. We would prescribe the rules and regulations, and, of course, we would exercise great care to see that there was no mail on which the postage was not paid or collected.

Mr. HOLLAND. What would be the especial value in adopting this system, of what special advantage to the mailer would it be?

Mr. KOONS. To the extent it would be used I could only say we would have to be guided by what has been done on third and fourth class matter. This privilege was extended to fourth-class matter several years ago when mailed in 240 identical pieces.

Mr. HARDY. What kind of matter comes in that?

Mr. KOONS. Parcel post.

Mr. HARDY. Books and things like that?

Mr. KOONS. There are a great many of them mailed out in identical pieces.

Mr. HARDY. Books and catalogues?

Mr. KOONS. Catalogues and books. A jewelry firm might send out some kind of a package. Anything that weighs less than four ounces goes at a flat rate anyhow on parcel post. So it has been extended to the parcel post, and is used very much by firms. It saves the firms the handling of so many postage stamps and having so many stamps on hand. There are thousands of cases of thefts by employees of stamps from firms, which has the tendency to induce the use of the permit privilege as far as possible where it can be used. That is one reason.

The advantage to the Post Office Department would be this: We would not have to print and distribute the stamps. It would save the use of the stamps on this matter. The second advantage is that we require them to bring this mail faced up to the post office, and on first-class mail they would have to add the postmark. The condition of this permit would be that there would have to be printed on the matter the time that it was mailed.

Mr. HARDY. Do they have to put that on themselves?

Mr. KOONS. They have to put on the postmark and the number of the permit.

Mr. HARDY. Do they have to put the postmark on?

Mr. KOONS. They would have to put the postmark on. Every firm that is sending out much mail knows weeks in advance when they are going to mail their mail. They would put on the name of the post office at which it was mailed, and the hour, and the regulations would be that they would have to deposit the mail in the post office at the hour designated on the package. That would save us two operations, the facing of the mail and the running of it through a canceling machine.

In other words, as soon as it was mailed it would go right on the distributing cases and be distributed. In the case of large mails we would insist that they make it up by States. That would save us another operation, the primary separation.

Another advantage to the mailer would be that it expedites the handling of his mail. In other words, in saving those two operations the mail would be dispatched sooner. Under either one of those bills the Postmaster General would have absolute control as to the use of the permit and under what regulations it should be used.

Mr. HARDY. How would you keep this first-class mail away from all of this third-class mail, and would there be any delay?

Mr. KOONS. It would be the only class that had the postmark.

Mr. HARDY. You think it could be kept separate from the third-class mail?

Mr. KOONS. There is no question about it. We may require that the permit be of a different shape, or something of that kind, so that you could see at a glance it was first-class mail.

Mr. HARDY. Have you had a demand on the part of some big mailers for this privilege?

Mr. KOONS. There has been a demand on the part of a number of people. It has been a great advantage to some of the large mail-order houses. It is a thing we have been discussing for years. We have discussed it with a great many of the large mailers. Of course, it would not be necessary or compulsory for any mailer. It would be purely at his option whether he wanted to use it or not.

Mr. HOLLAND. Of course, the department would want to handle this kind of material.

Mr. KOONS. It would save us a good deal of money. We would save two operations. They would be required to bring it to the office faced up. That is an operation we would save, in facing that mail.

Mr. RAMSEYER. What do you mean by facing the mail?

Mr. KOONS. Facing it so that the addresses will be the same way and read from left to right. Then it is run through the canceling machine. It is not necessary to cancel the mail, because it would not have any stamp on it. They would also postmark the first-class mail, so we would save the operation of facing and running the mail through the canceling machine, and in the case of large mail, addressed all over the United States, we would require them to separate it according to States, just as we do this class of mail, so we would save the primary separation of it.

Mr. HARDY. What do the postage stamps cost, approximately?

Mr. KOONS. My recollection is 5 cents a thousand. I will put the correct cost in the record.

Mr. HARDY. Do you have any idea as to how many million dollars worth of mail are handled in that way?

Mr. KOONS. I can put that in the record for you.

The records of the department show that during the fiscal year ended June 30, 1919, there were 608,040,706 pieces mailed under the permit system, on which the postage amounted to \$10,458,300.15.

Mr. CHANCE. The postage for the last six months on this permit matter was about \$38,000. Of course, we do a small business here on that sort of stuff.

Mr. HARDY. You mean in Washington it was how much?

Mr. CHANCE. \$38,000 during the past six months.

Mr. KOONS. You will find that it is used very extensively. As a matter of fact, we encourage the use of it among the mailers, because it is an advantage to us because we could reduce the cost of handling the mail and expedite its dispatch.

Mr. RAMSEYER. Your position is that the department would save the printing of the stamps and the cost of handling the stamps, and would save time in facing the mail.

Mr. KOONS. It would save the time of facing and canceling the mail entirely.

Mr. RAMSEYER. You would save the facing of the mail in the first place, and you would save the time of canceling the stamps?

Mr. KOONS. Yes; and save in a great many cases the primary separations, which is the first distribution after it leaves the canceling machine.

Mr. RAMSEYER. Would you not have to take time to count it?

Mr. KOONS. The counting would take a very short time. In the case of identical pieces it would be a very simple transaction. These boys can tell you how they do it and how long it takes them to do it. You will find it is a very simple transaction.

Mr. HARDY. They count it by weight? If there are 100,000 letters, they know it takes 16 to a pound, and they know that in a pound there are so many pieces, so they do not have to count every one of them, like they do corn.

Mr. RAMSEYER. We count the ears.

Mr. KOONS. If we had to do that by hand, we could do that just as quick as we would face them, and we could still save one transaction, and in most cases a second transaction.

Mr. RAMSEYER. In regard to this machine that you spoke of that somebody has invented to count these pieces, do you know how rapidly that would count them?

Mr. KOONS. That would not interfere with us, because we would not use them. It would be solely a question with the mailer, whether he wanted to use that machine or not.

Mr. RAMSEYER. The way you would find out how much mail there was would be that when a man comes in with, say, 100,000 pieces, identical pieces, you would weigh 100 pieces—

Mr. KOONS. We would ascertain how many pieces run to the pound, and how many pounds there were of mail.

Mr. RAMSEYER. And you think in that way there would not be much opportunity to defraud the Government?

Mr. KOONS. I do not think there would be any opportunity to defraud the Government, because we have never had any complaint on the permit system, but if there was fraud we could shut the mailer off right away, and not only shut him off, but collect the postage; besides, it would be a violation of the law.

Mr. RAMSEYER. Now, I would like to have your amendment here.

Mr. KOONS. We suggest this amendment, and it is purely the suggestion of the solicitor, that after the word "that" you strike out from there on down.

Mr. RAMSEYER. It is the suggestion of the solicitor that we strike out everything in line 3 after the word "that."

Mr. KOONS. Yes; from there on, and insert this.

Mr. HARDY. How would it read, Mr. Ramseyer? Can you read it as amended?

Mr. RAMSEYER. The bill now reads:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Postmaster General, under such rules and regulations as he shall prescribe, may extend the permit privilege to include first-class mail.

It will read, as amended, as follows:

That, under such regulations as the Postmaster General may establish for the collection of the lawful revenue, and for facilitating the handling of such matter in the mail, it shall be lawful to accept for transmission in the mails without postage stamps attached any first-class matter, provided the postage has been fully prepaid thereon at the rate required by law.

Mr. HARDY. Mr. Randall, would that be acceptable to you?

Mr. RANDALL. Yes.

Mr. KOONS. The present language would be all right if all the mail were mailed in identical pieces. The amendment would cover any case, and the postage is stamped on to cover the question Mr. Ramseyer brought up, where mail weighing a quarter of an ounce, half an ounce, or an ounce, all going through the machine would be stamped.

Mr. RAMSEYER. Would this law be of greater convenience to the department or to the patrons who mail in large quantities?

Mr. KOONS. Well, of course, we have a little self-interest in it, looking after the department's end. It would be a great advantage to the department, and it would be an advantage to the mailer because it expedites his mail. That means a great deal in the office. It may mean the time of one connection in leaving the city. It may mean 12 or 14 hours at the other end of the line. Take a letter going from New York to Chicago. After certain hours in the day it is not delivered in Chicago until the next day. It may mean the saving of one day in delivery, and it not only expedites the mail, but it safeguards a man against the loss of stamps through the manipulation and use of his employees.

Mr. RAMSEYER. Has there been much demand from large mailers on the department for this permit privilege?

Mr. KOONS. Men have taken it up time and time again, and, as I say, Mr. Ramseyer, we can only judge what they will do by what they have done on third-class mail. All mailers that can possibly use the permit privilege, we encourage to do so, because it saves the cost of the stamps, and the facing of the mail. We encourage the use of the permit, and we will do it on first-class mail wherever we can, but we would not encourage any particular method, whether it be by the machine, or printed on by a printer, or what not. All they would have to do would be to imprint the permit and the postmark.

Mr. HARDY. They could use a rubber stamp?

Mr. KOONS. They could use anything that would be practicable; yes, sir. We do not indorse any method. All we want is the postmark on there and the impression of the permit.

Mr. HARDY. On an average of 2 cents a piece, on the mail matter mailed in this town during the last 6 months, you received \$1,900,000.

Mr. HAYCOCK. I can give you that exactly. On second-class matter it was \$151,882; on third class, \$1,673,407, and on fourth-class matter \$886,886.

Mr. HARDY. I did not understand that second-class matter came under this head.

Mr. HAYCOCK. That is the transient rate. That does not apply to stuff that the publisher sends out at pound rates.

Mr. HARDY. Four ounces for a cent?

Mr. HAYCOCK. Yes, sir.

Mr. KOONS. The permit is used on that, too.

Mr. CHANCE. I might add that Washington, for size, is a very small mailer of that permit matter, because we have not any big concerns here that use it. We are very small in that regard, in comparison with other offices of the same size.

Mr. KOOS. In conclusion, I hope the committee will give us this privilege, because I think it is one that will be utilized a great deal and will be a great advantage to the mailer and to the department, and so far as safeguarding it is concerned, I have no fear that we can not safeguard it, as we have done on the other classes of mail.

Mr. RAMSEYER. Mr. Chance, do you want to make a statement?

**STATEMENT OF MR. MERRITT O. CHANCE, POSTMASTER,
WASHINGTON, D. C.**

Mr. CHANCE. I would suggest that you hear Mr. Haycock as to just the exact method of handling this. There seems to be some question about that.

I would like to add to the statement as to the saving, that in addition to the printing of the stamps and the handling in the post office, that you have got to consider, of course, that there would be a saving all through the country in the handling by the railway mail service. In our office alone the cost of facing the letters runs to about \$40 a day. Of course, this would not do away with that, because there are thousands of letters that get them ready for the canceling machine, to face those letters up and then we would be able in Washington, if

Another thing is this: I think we would be able in Washington, if this is extended to first-class matter, to get the gas company and the electric-light company to use this mail. They deliver their bills by hand. We would get more business.

Mr. HARDY. They began that when the postage went the 3 cents?

Mr. CHANCE. No, they have been doing that right along.

Mr. HARDY. You mean their statements?

Mr. CHANCE. Their monthly statements. Of course, the telephone people would use it. They use the mails now for their statements.

**STATEMENT OF MR. W. H. HAYCOCK, ASSISTANT POST-
MASTER, WASHINGTON, D. C.**

Mr. HAYCOCK. Mr. Koos has practically covered the matter, but you wanted to know how it is handled. In the first place, the applicant files with the office an application like that, which is known as form No. 3612. Then he is given a permit number when his application is approved, and then he is notified that the permit privilege has been extended to him on one of these forms, which is known as form No. 3601, on the back of which is a sample inditia for the 2 cents paid for the permit holder, and a number of regulations pertaining to the mailing of the matter under the permit system, and then when he is ready to mail he has to submit a statement like this, called a statement of mailing, form No. 3602, giving his permit number and the number of pieces he is mailing of that class of matter, and the amount of proceeds involved. That has to come with each mailing. When that mailing comes to the post office, if you will look on the back of that statement of mailing, you will find there the place for the signature of two weighers. The regulations require

that this matter has to be received by the postmaster and examined, or by two authorized postal employees, who verify it together, so there can not be any collusion between one clerk who may receive it and the mailer. That is done to prevent any collusion of that sort. Two sworn employees of the office have to receive it and verify it together, and you will find on the back of that mailing statement a place for them to sign.

I wish to call attention to the fact also that in these large offices and in our office the men who are on this duty shift every other week. A man will be on duty in the morning one week, and in the evening the next week, and in that way there are times that these men would not have the same man working with him all the time. There would be different men working together.

Mr. RAMSEYER. Right there on this weighing proposition, if a fellow comes in, say, with 60,000 pieces of mail, he would have it stacked up. Now, how do you handle that? Do you unstack and weigh them?

Mr. HAYCOCK. Suppose I let Mr. Sillers tell you about that, because he is the man that does that every day.

Mr. RAMSEYER. Then we will wait until he comes on with his testimony. You may go on with your statement. You remember, that, Mr. Sillers.

Mr. HAYCOCK. That is the method of mailing until it gets to these weighers. That matter is not thrown on to a truck on the floor as is other mail matter, but it is sent by them directly to the foreman of the floor, so that he knows that the postage has been paid on that matter. If that matter was simply thrown on to the belt conveyer that carries the mail from the platform up to the floor, without attention being called to it, the foreman on the floor would not know that the postage had been paid, but so it is sent specifically to the foreman on the floor, so he knows that the postage is paid on that and it is ready for mailing.

The money is deposited with the cashier at the post office, and he notifies the weighers who receive this matter that John Smith has on credit so much, and then when this matter comes in that is charged off against his allowance. He has advance notice all the time of how much credit there is to each particular mailer who has a permit, and that is, say, charged off against his account each time.

Mr. RAMSEYER. If John Smith has one of these permits you say he has a deposit at the post office?

Mr. HAYCOCK. Yes, sir; with the cashier.

Mr. RAMSEYER. Where John Smith had just one batch of mail that he wanted to mail out, say 50,000 or 60,000 pieces, and he comes there with all that at one time, you just charge him for that, and he would pay and be done with it?

Mr. HAYCOCK. Yes, sir.

Mr. RAMSEYER. The persons who have this permit privilege, you say, are required to put up a deposit?

Mr. HAYCOCK. Yes, sir.

Mr. RAMSEYER. Is any certain amount required to be deposited?

Mr. HAYCOCK. No, they just keep enough on the deposit to cover their mail. They know about what they are going to mail, and they are pretty careful to keep it covered, and if they present mail there, and this weigher has no credit on his books covering it, it is held up and they are notified.

Mr. CHANCE. These weighers do not accept any money. That has got to be deposited with the cashier.

Mr. RAMSEYER. I understand that. You have been in the post office there how long, Mr. Haycock?

Mr. HAYCOCK. About 32 years.

Mr. RAMSEYER. How many years have you been working with this permit privilege?

Mr. HAYCOCK. Well, it has come under my supervision while I was superintendent of mails during the period of about eight years.

Mr. RAMSEYER. From your observation during the eight years, having more or less to do with the handling of this permit privilege, what, in your judgment, is the opportunity to defraud the Government and is the Government being defrauded in any way with this permit privilege?

Mr. HAYCOCK. I do not believe that the Government is being defrauded at all. There would have to be collusion between four or five men before there could be any loss at all.

Mr. HARDY. Mr. Haycock, there is no greater danger in this than in the case of second-class matter, upon which this privilege has been enjoyed for years.

Mr. HAYCOCK. Not a bit, and it has been in operation for years.

Mr. HARDY. You have collected hundreds of millions of dollars. Mr. Ramseyer wants to know if you have had any suspicion of fraud?

Mr. HAYCOCK. Absolutely not a bit.

Mr. RAMSEYER. Has there been any demand, so far as you know, on the part of the business men of the city here to have this permit privilege extended to first-class matter?

Mr. HAYCOCK. I do not know of any demands that have been made at the Washington office for it. Of course, we do not have here big manufacturing concerns or big, heavy mails. Most of our mail, of course, is Government mail.

Mr. RAMSEYER. What, in your opinion, would be the advantage to the Post Office Department in extending this permit privilege to first-class mail?

Mr. HAYCOCK. The advantages were set forth by Mr. Koons. It would reduce the operation of facing it and of canceling it, and if the mailers are required to separate it into States and make the primary separation of it, it would save us that operation. It would save us three operations, and it would advance the dispatch of the mail.

Mr. RAMSEYER. You agree with Mr. Koons on those propositions entirely?

Mr. HAYCOCK. Yes, sir.

Mr. RAMSEYER. Have you anything to add to what Mr. Koons said along that line?

Mr. HAYCOCK. No, sir; I do not think I have. I do not know of any other advantage there will be to the postal service.

Mr. HARDY. You just had these three forms?

Mr. HAYCOCK. Yes, sir; just the three. Mr. Sillers here can tell you exactly how that matter is handled, as he does it every day.

Mr. RAMSEYER. Mr. Sillers, we will be glad to hear you.

STATEMENT OF MR. BASIL SILLERS, CLERK IN CHARGE OF SECOND-CLASS MAIL MATTER, CITY POST OFFICE, WASHINGTON, D. C.

Mr. RAMSEYER. Mr. Sillers, give your name and position to the reporter.

Mr. SILLERS. I am a clerk in charge of the second-class matter, and handle the permit matter.

Mr. RAMSEYER. Give the committee, in detail, the manner of handling this matter.

Mr. SILLERS. I have control over the handling of the mail received from the mailers under this permit system.

Mr. RAMSEYER. What do you mean by the mailers?

Mr. SILLERS. I receive the mail and am responsible for the number of pieces.

Mr. RAMSEYER. By the mailers you mean the business men that use the permit privilege?

Mr. SILLERS. Yes, sir. They bring the mail to the post office, and I receive it with witnesses, and they present one of these statements and certify to the number of pieces. Then we carefully weigh the matter, and we get the exact weight by deducting the tare. We deduct the weight of the sacks. We do not take the matter out of the sacks; that is, where there is a large quantity. If there was any question, or if our weight did not agree with the mailer's, we might have to take the matter out of the sacks, if there is any question of the tare. Of course, we are allowed to deduct so much for each sack.

Mr. RAMSEYER. Does the mailer, when the mail comes in, give you a statement as to how many pieces he has?

Mr. SILLERS. He makes a statement on this printed form, for No. 3602, which shows the class of matter, and the amount paid how it is paid, and the weight of each piece.

Mr. RAMSEYER. Where it is in identical pieces?

Mr. SILLERS. In identical pieces, and he inserts the class of matter, second, third, or fourth class.

Mr. RAMSEYER. Where does he insert the number of pieces here?

Mr. SILLERS. Before the word, "identical."

Mr. RAMSEYER. After the words, "laws and regulations?"

Mr. SILLERS. Yes, sir.

Mr. RAMSEYER. If he has 56,000 pieces, he writes in there 56,000 pieces. Now, then, tell the committee just what you do to verify his statement.

Mr. SILLERS. Well, we first get the net weight, and then we generally try a hundred pieces, we will take the weight of 100 pieces, or so many pieces to a pound, and if they run an even number of pieces to the pound, we determine the number of pieces in that way. First we will weigh 100 pieces, and then divide the total weight by the weight of 100, and of course that gives you the number of pieces there are in the total mail. Of course, that amount should agree with the mailer's.

Mr. RAMSEYER. Does it usually?

Mr. SILLERS. It is nearly always the same. Sometimes they will make a mistake of a thousand, and of course we will haul up the mailer, and after he verifies our count, we will insist that he submit a new statement, that is when we are certain that our count is correct,

and we always make certain where there is a discrepancy. In some cases we have actually counted the matter.

Mr. RAMSEYER. Do you ever just take the man's statement for it and let it go through?

Mr. SILLERS. No; that is never done. I make the person who witnesses it with me actually go over the figures, actually witness the weight on the scales, and actually go over the computations.

Mr. RAMSEYER. Now, the matter of handling the mail brought in there under some permit privilege is determined by regulations of the Post Office Department?

Mr. SILLERS. Yes, sir.

Mr. RAMSEYER. And this manner of handling that mail is uniform, of course, throughout the United States. Every other office is handled in just the same way.

Mr. SILLERS. That is right.

Mr. HOLLAND. What examination do you make to determine whether or not the pieces are identical?

Mr. SILLERS. I look in the pieces. We pick out envelopes from different parts of the mail to see that they are identical. Of course, the matter, as a rule, is all the same. They will send out one pamphlet in an envelope. There is hardly a question about them being identical.

Mr. RAMSEYER. If you should discover that a mailer was undertaking to defraud you, is there any penalty against the mailer?

Mr. SILLERS. There is a penalty prescribed by law for attempting to defraud.

Mr. RAMSEYER. Have you had to cancel a permit privilege because some mailer was attempting to defraud you?

Mr. SILLERS. No, sir; not since I have been there, and that is about 14 years.

Mr. RAMSEYER. Do you know, Mr. Koons, of any case?

Mr. KOONS. I do not personally, but I will inquire from the Third Assistant's office and put it in with my testimony. [I am unable to find any such case.]

Mr. HOLLAND. If you want to mail first-class mail matter under this permit privilege, where the letters are not identical pieces, how then are you going to determine what ought to be received by the Government on each particular piece?

Mr. SILLERS. On each mailing, as I understand it, they would have to have at least 300 identical pieces, if they make the same regulations apply to first-class that they have here. There would have to be at least 300 identical pieces, is not that right?

Mr. HARDY. You would not accept it if it was not identical; you would not take a bunch of assorted stuff?

Mr. KOONS. These people claim they will perfect a machine that will stamp the postage on each letter so the pieces would not have to be identical.

Mr. HOLLAND. If you do not take pieces that are not identical, I do not see how the privilege is going to be worth very much to business men, because, as a matter of fact, a large number of their letters would not be absolutely identical, certainly not in weight.

Mr. SILLERS. The large bulk of letter mail that comes in from different firms is in identical pieces, like firms sending out bills. The bills would all be identical as to weight.

Mr. HOLLAND. In other words, these banking concerns down town send out a great number of pieces of mail, and possibly no two pieces would be identical. How would you determine the postage in that case.

Mr. SILLERS. In that case, if the pieces were not identical, it would require an examination of the mail. We would have to pick out all those according to weight.

Mr. HARDY. They would not be allowed, in the first instance. In the second place, it would not be necessary to allow it. The man who mails all kinds of mail would never take advantage of this system. The only man who would take advantage of this system is the man getting out a thousand identical letters, or a thousand statements on the first of the month, or 100,000 statements. The only people who would take advantage of it would be those mailing great quantities of identical mail.

Mr. HOLLAND. Then it would be of practically no benefit to the ordinary business man?

Mr. HARDY. No, because he would not send out a thousand letters.

Mr. HOLLAND. No; but take the banks.

Mr. HARDY. A bank would not use it unless it was sending out a general statement of some kind to a hundred thousand people.

Mr. RAMSEYER. I do not think it would be used for ordinary correspondence.

Mr. HOLLAND. Would not the ordinary business man use it very little?

Mr. HARDY. He would; but just using this figure in Washington, in this small town they have handled 1,073,000 pieces under these permits, and yet very few people in this town use it. Nobody in your town would use it, and nobody in my town would use it, but if it does save the Post Office Department any amount of time, labor, and money, it is worth considering. It would not be generally used and could not be.

Mr. HOLLAND. My purpose in asking this question was to find out whether it could be generally used by the average business man.

Mr. HARDY. No; it would not be. It is not designed for that. It is only designed for heavy, big mailing. I do not suppose in my town there is a permit. I have thought there was, but they do not have large mailing to amount to anything, and so we do not use it in my own business, but I know it is of benefit to the people in Pueblo and the people in Denver.

Mr. HOLLAND. The permit would be of very little benefit to the general public?

Mr. KOONS. It would be used by large mailers, and of course the large mailers mail the great volumes of mail.

Mr. HOLLAND. Take the city of Washington. I suppose that most of your first-class mail here comes from your bankers?

Mr. SILLERS. It comes from Congress.

Mr. HOLLAND. I understand, but I mean outside of Congress.

Mr. CHANCE. It does not come from the bankers.

Mr. HOLLAND. I was talking about Washington business people.

Mr. KOONS. Is not this true, that the mail from the banks is more irregular in size, on account of their remittances, than any other class of mail, and the number of letters mailed by the banks I think

is a very small number compared to what a big mail order house of a big business generally would send out.

Mr. HOLLAND. In other words, the fact I was trying to bring out is that, as a matter of fact, the extension of this privilege would not benefit the general public.

Mr. KOONS. The general public would not use it; it does not use the permit system.

Mr. HOLLAND. As a matter of fact, there would be a very few people, after all, who would take advantage of this?

Mr. KOONS. But when you take the whole United States, I think you will find a great many people who would use it, and if all the mail they used it on was very heavy it would be of practical advantage to the postal service.

Now, as to the identical pieces in question, these machines, which they claim are practical, and which I think are absolutely foolproof, if used, the pieces would not need to be identical because the machine would stamp them. A mailer would buy \$50,000 of 2-cent postage for 2-cent letters, and every time the machine stamped an envelope it would reduce that number one, so that it could be used on pieces that were not identical, and in that way the small mailer could use it just the same as the big mailer. In other words, if a letter weighed an ounce, it would carry a 2-cent impression, if a letter weighed a quarter of an ounce it would carry a 2-cent impression, and if it weighed over an ounce two impressions would have to be made.

Mr. HOLLAND. If we want to adopt the system at all I think some method ought to be adopted by which, if it is at all practical, it can be used by the general public.

Mr. KOONS. That can be done by the use of this machine. Of course, as we say, we are not going to prescribe any particular method. We will encourage the general public to use it, and to use it to the fullest extent possible, because it will be a great advantage to us and to them, to do so and by the use of this machine the general public can use it. A man who only mails 50 letters a day can use it, because we do not prescribe the minimum number of pieces.

Mr. HOLLAND. Then it will be your purpose in all of these large post offices to install these machines?

Mr. KOONS. No; the mailer himself will use the machine just like they use machines to affix their stamps. That will be a question for the mailer himself.

Mr. HOLLAND. You would have to do the same thing at your office because you would have to verify the mailers count.

Mr. KOONS. You know when he buys \$50 worth of stamps. Say he buys \$1,000 worth of 2-cent stamps and pays for them. His machine would be set to indicate that number of stamps, and every time a letter would go through and receive an impression it would reduce that number one, and it would stop with the number of stamps purchased. If he starts out with 50,000, the next would be 49,999, and so on until he used up the last one, and has no more in his machine. His machine then could not be used until he refilled at the post office. That would be verified.

Mr. HARDY. You would verify that at the office?

Mr. KOONS. It could be verified at the office by count at different times on the machine. It is just a numbering machine which is

considered as absolutely foolproof. Every time it makes an impression it reduces the number one. You can run it from 1 up to 50,000, whichever way you want.

Mr. HARDY. I see a little danger in mailing out envelopes of all sizes, for the reason that they do not collect the postage on it, the postage due until it arrives.

Mr. KOONS. That is one abuse of first class by large mailers, and, in fact, there should be a law that would make them prepay all first-class mail.

Mr. HARDY. It makes me mad to get mail from cheap-slate propaganda organization and have to pay postage on it.

Mr. KOONS. I think that law ought to be changed, and if a man puts a 2-cent stamp on a letter requiring 10 cents postage, it ought not to be allowed to go through.

Mr. HARDY. Is there not some law now by which they can put it back in the box?

Mr. KOONS. No; under the law it must be forwarded. That only applies to first-class mail, and it is abused.

Mr. RAMSEYER. Mr. KOONS, does this permit cost anything?

Mr. KOONS. No; it does not cost us anything.

Mr. RAMSEYER. The fellow who gets the permit, I presume, has got to get himself a stamp?

Mr. KOONS. Usually they have the permit printed on at the same time that the return request is printed. We have nothing to do with that. That is an outside proposition. They can have it done any place they want.

Mr. RAMSEYER. If I should go down to the Washington post office and ask for a permit, and fill out this blank, would they charge me for the privilege?

Mr. HAYCOCK. No, sir.

Mr. RAMSEYER. Is there anything further, Mr. Sillers?

Mr. SILLERS. No; I think Mr. Koons has gone into it pretty far, except the regulations issued by the department are very rigid, and there would be hardly any way under this system of defrauding the Government, except by the collusion of four or five people. The receipts for postage are not issued by the persons who weigh the mail and verify the count; they are issued in another department by the cashier, and the permit is not issued by the mail weighers.

Mr. RAMSEYER. What book have you there?

Mr. SILLERS. This is the receipt book. The receipts in that book are issued by the cashier, not by the person who receives the mail.

Mr. HARDY. That looks like second-class stuff.

Mr. SILLERS. These are second-class receipts. Those are issued in triplicate. The original is given to the mailer, the duplicate is sent to the Auditor for the Post Office Department. There is hardly any way in which the post office or the Government could be defrauded by the deception of the receiver of the mail. Then the collection of the funds is further safe-guarded because the clerk reporting the matter has to turn in triplicate receipts, one to the book-keeper, and one to the cashier, and then they must agree with the records of the weigher at all times.

Mr. RAMSEYER. Here I see a receipt. A fellow brings in 10,776 pieces and, of course, he pays \$107.76. Right below that a fellow brings in 2,500 pieces, and he pays \$100.

Mr. SILLERS. This should have shown in here 4 cents. I do not know why it did not. That was an error. This is fourth class. This should have been 4 cents, but he has neglected to show that. These others show 1 cent, 1 cent, and 1 cent. That should have been 4 cents. He shows it every other place. There is another one. That was just an omission.

Mr. RAMSEYER. That was fourth-class matter.

Mr. SILLERS. That was an omission of the clerk in copying the receipt, or making out this receipt. That should have been shown on there that it was 4 cents. But, at any rate, the amount of postage and the number of pieces would have to correspond to the statement on the back of this form, and that is checked by the bookkeeper. The bookkeeper checks the cashier's receipt and also this statement, so that they must correspond.

Mr. RAMSEYER. Mr. Koons, is there any further statement you desire to make?

Mr. KOONS. No; I think it has been covered very fully. If there is anything further the committee desires, if you will let me know, I will furnish it from our records.

Mr. RAMSEYER. Is there anything further, Mr. Randall?

Mr. RANDALL. Nothing further, Mr. Chairman, except that the amendment, of course, is agreeable to me. The amendment, as I understand it, covers the matter of the machine which I knew nothing about when I introduced the bill a long time ago.

(Whereupon the subcommittee adjourned.)

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